

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Commission)
Investigation of the Intrastate Universal) Case No. 97-632-TP-COI
Service Discounts.)

FINDING AND ORDER

The Commission finds:

- (1) On May 7, 1997, the Federal Communications Commission (FCC) issued a Report and Order in CC Docket 96-45 (96-45) (*In the Matter of Federal-State Board on Universal Service*) adopting rules to promote universal service consistent with the requirements of the Telecommunications Act of 1996 (1996 Act). In its 96-45 decision, the FCC, among other things, set forth parameters for the states to determine those carriers eligible to receive federal universal service support. The states were further to determine those carriers that should be classified as rural carriers or non-rural carriers for the purpose of federal universal service support consistent with the Communications Act of 1934, as amended.
- (2) On November 2, 1999, the FCC released its Ninth Report and Order and Eighteenth Order on Reconsideration in 96-45. In that Order, the FCC addressed, among other things, the issue of non-rural carriers' eligibility to receive federal high cost support through the temporary "hold-harmless" provision. Hold-harmless support was established by the FCC as a short term measure to ensure that the amount of support provided to non-rural carriers under the newly revised high cost funding mechanism is no less than the amount provided under the former mechanism. The FCC determined that states are well suited and best positioned to determine whether non-rural carriers intend to utilize such hold-harmless support consistent with the goals set forth in Section 254(e) of the 1996 Act. Under Section 254(e), carriers must use universal service support "only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." Given that states generally have primary authority over carriers' intrastate activities, the FCC indicated that a state certification process provides the most reliable means of determining such carriers' compliance with the legislative mandate. Accordingly, the FCC stated that it would require the states that wish to receive federal universal service hold-harmless support for non-rural carriers within their boundaries to file a certification with the FCC and the Universal

Service Administrative Company (USAC) stating that all federal high-cost funds flowing to those carriers in that state will be used in a manner consistent with Section 254(e). Absent such certification, carriers will not receive such support. Moreover, in the event that a State determines that a carrier has not complied with Section 254(e), the State shall have the authority to revoke certification.

- (3) In a similar decision issued on May 23, 2001 under the same docket (Fourteenth Report and Order and Twenty-Second Order on Reconsideration in 96-45), the FCC determined that states should also be responsible for determining whether rural carriers are using their universal service high cost support (specifically, high cost loop support [47 C.F.R., Part 36]; local switching support [47 C.F.R. §54.301]; and any high cost support received as a result of a purchase of exchanges [47 C.F.R. §54.305]) consistent with Section 254(e). Based on that determination, the FCC applied the same certification procedures for rural carrier receipt of high cost funding as it did for non-rural carriers' receipt of hold harmless support.
- (4) FCC certifications for federal high cost funding are to be submitted annually on October 1st, in order to be eligible for high cost support throughout the next full calendar year.
- (5) In order to comply with the FCC's certification requirements, on August 17, 2005, the Commission released an Entry in the instant docket calling for notarized affidavits from those rural and non-rural carriers receiving federal universal service high cost funding in Ohio, attesting that they will utilize such support consistent with Section 254(e). All affected carriers were required to use template affidavit forms provided by the Commission (as Attachments A and B in the August 17th Entry), and were directed to file such affidavits by September 7, 2005. Accordingly, properly filed affidavits were received from the following carriers:

ALLTEL-Ohio, Inc.
Arcadia Telephone Company
The Arthur Mutual Telephone Company
Ayersville Telephone Company
Bascom Mutual Telephone Company
Benton Ridge Telephone Company
Buckland Telephone Company
CenturyTel of Ohio, Inc.
The Champaign Telephone Company

The Chillicothe Telephone Company
Columbus Grove Telephone Company
The Conneaut Telephone Company
Continental Telephone Company
Doylestown Telephone Company
Farmers Mutual Telephone Company
Fort Jennings Telephone Company
Frontier Communications of Michigan, Inc.
Germantown Independent Telephone Company
Glandorf Telephone Company, Inc.
Kalida Telephone Company, Inc.
Little Miami Telephone Corporation
McClure Telephone Company
Middle Point Home Telephone Company
Minford Telephone Company
New Knoxville Telephone Company
Nova Telephone Company
Oakwood Telephone Company
Orwell Telephone Company
The Ottoville Mutual Telephone Company
Pattersonville Telephone Company
Ridgeville Telephone Company
Sherwood Mutual Telephone Company
Sycamore Telephone Company
Telephone Service Company
Vanlue Telephone Company
Vaughnsville Telephone Company
Wabash Mutual Telephone Company
Western Reserve Telephone Company

- (6) The Commission's Staff has reviewed the affidavits submitted by the aforementioned companies, and has concluded that they satisfy the FCC's requirements for certification to receive high cost funding consistent with Section 254(e) of the 1996 Act.
- (7) The Commission finds that certification of the aforementioned carriers to receive federal high cost support, including interim hold harmless support for non-rural carriers, as well as high cost loop support [47 C.F.R., Part 36], local switching support [47 C.F.R. §54.301], and any high cost support received as a result of a purchase of exchanges [47 C.F.R. §54.305] for rural carriers, should be granted.

It is, therefore,

ORDERED, That all carriers identified in Finding (5), above are hereby certified to the FCC and USAC as being eligible to receive federal high cost support (including interim hold harmless support for non-rural carriers, as well as high cost loop support [47 C.F.R., Part 36], local switching support [47 C.F.R. §54.301], and any high cost support received as a result of a purchase of exchanges [47 C.F.R. §54.305] for rural carriers, as such carriers have demonstrated their intent to utilize such funding in a manner consistent with Section 254(e) of the Telecommunications Act of 1996. It is, further,

ORDERED, That nothing contained in this Finding and Order shall be deemed binding upon this Commission in any subsequent investigation or proceeding involving the justness or reasonableness of any rate, charge, rule or regulation. It is, further,

ORDERED, That a copy of this Finding and Order be served upon all interested persons of record in this investigation.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Alan R. Schriber, Chairman

Ronda Hartman Fergus

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Donald L. Mason

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JR:sm

Entered in the Journal

SEP 21 2005

Renee J. Jenkins

Renee J. Jenkins
Secretary